

109TH CONGRESS
1ST SESSION

H. R. 450

To amend the Internal Revenue Code of 1986 to encourage stronger math and science programs at elementary and secondary schools.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 1, 2005

Mr. EHLERS introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to encourage stronger math and science programs at elementary and secondary schools.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “National Science Edu-
5 cation Incentive Act of 2005”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds the following:

8 (1) As concluded in the report of the Com-
9 mittee on Science of the House of Representatives,
10 “Unlocking Our Future: Toward a New National

1 Science Policy,” which was adopted by the House of
2 Representatives, the United States must maintain
3 and improve its preeminent position in science and
4 technology in order to advance human under-
5 standing of the universe and all it contains, and to
6 improve the lives, health, and freedoms of all people.

7 (2) It is estimated that more than half of the
8 economic growth of the United States today results
9 directly from research and development in science
10 and technology. The most fundamental research is
11 responsible for investigating our perceived universe,
12 to extend our observations to the outer limits of
13 what our minds and methods can achieve, and to
14 seek answers to questions that have never been
15 asked before. Applied research continues the process
16 by applying the answers from basic science to the
17 problems faced by individuals, organizations, and
18 governments in the everyday activities, so that our
19 lives may become more meaningful and livable.

20 (3) The effectiveness of the United States in
21 promoting economic growth will be largely deter-
22 mined by the intellectual capital and innovativeness
23 of the United States. Education is critical to devel-
24 oping this resource.

1 (4) The education programs of the United
2 States need to provide for 3 different kinds of intel-
3 lectual capital. First, the country needs scientists
4 and engineers to continue the research and develop-
5 ment that is central to the economic growth of the
6 United States. Second, it needs technologically pro-
7 ficient workers who are comfortable and capable
8 dealing with the demands of a science-based, high-
9 technology workplace. Last, it needs scientifically lit-
10 erate voters and consumers to make intelligent deci-
11 sions about public policy.

12 (5) Student performance on the recent Trends
13 in International Math and Science Study and the
14 Program for International Student Assessment high-
15 lights the shortcomings of current K–12 science and
16 mathematics education in the United States, par-
17 ticularly when compared to other countries. We must
18 expect more from our Nation’s educators and stu-
19 dents if we are to build on the accomplishments of
20 previous generations. New methods of teaching
21 mathematics and science are required, as well as
22 better curricula and improved training of teachers,
23 coupled with strong parental involvement and sup-
24 port.

1 (6) Science is more than a collection of facts,
2 theories, and results. It is a process of inquiry built
3 upon observations and data that leads to a way of
4 knowing and explaining the perceived universe in
5 logically derived concepts and theories.

6 (7) Students should learn science primarily by
7 doing science. Science education ought to reflect the
8 scientific process and be object-oriented, experiment-
9 centered, and concept-based.

10 (8) Children are naturally curious and inquisi-
11 tive. To successfully tap into these innate qualities,
12 education in science must begin at an early age and
13 continue throughout the entire school experience.

14 (9) Teachers provide the essential connection
15 between students and the content they are learning.
16 High-quality, well-trained prospective teachers need
17 to be identified and recruited by presenting to them
18 a career that is respected by their peers, is finan-
19 cially and intellectually rewarding, and contains suf-
20 ficient opportunities for advancement.

21 (10) Teachers must have incentives to remain
22 in the classroom and improve their practice, and
23 training of teachers is essential if the results are to
24 be superior. Teachers need to be knowledgeable of
25 their content area, of their curriculum, of up-to-date

1 research in teaching and learning, and of techniques
 2 that can be used to connect that information to their
 3 students in their classroom.

4 **SEC. 3. REFUNDABLE CREDIT FOR PORTION OF TUITION**
 5 **PAID FOR UNDERGRADUATE EDUCATION OF**
 6 **CERTAIN TEACHERS.**

7 (a) IN GENERAL.—Subpart C of part IV of sub-
 8 chapter A of chapter 1 of the Internal Revenue Code of
 9 1986 (relating to refundable credits) is amended by redesh-
 10 ignating section 36 as section 37 and by inserting after
 11 section 35 the following new section:

12 **“SEC. 36. TUITION FOR UNDERGRADUATE EDUCATION OF**
 13 **CERTAIN TEACHERS.**

14 “(a) IN GENERAL.—In the case of an individual who
 15 is an eligible teacher for the taxable year, there shall be
 16 allowed as a credit against the tax imposed by this subtitle
 17 an amount equal to 10 percent of qualified undergraduate
 18 tuition paid by such individual.

19 “(b) LIMITATIONS.—

20 “(1) DOLLAR AMOUNT.—The credit allowed by
 21 this section for any taxable year shall not exceed
 22 \$1,000.

23 “(2) TEACHERS IN HIGH-NEEDS SCHOOLS DIS-
 24 TRICTS.—In the case of one of the first 5 taxable
 25 years in which a teacher is an eligible teacher who

1 teaches in an elementary school or a secondary
 2 school (as those terms are defined in section 9101
 3 of the Elementary and Secondary Education Act of
 4 1965 (20 U.S.C. 7801)) receiving funds under part
 5 A of title I of such Act (20 U.S.C. 6311 et seq.),
 6 subparagraph (A) shall be applied by substituting
 7 ‘\$1,500’ for ‘\$1,000’.

8 “(3) CREDIT ALLOWED ONLY FOR 10 YEARS.—
 9 No credit shall be allowed under this section for any
 10 taxable year after the 10th taxable year for which
 11 credit is allowed under this section.

12 “(c) ELIGIBLE TEACHER.—For purposes of this sec-
 13 tion—

14 “(1) IN GENERAL.—The term ‘eligible teacher’
 15 means, with respect to a taxable year, any indi-
 16 vidual—

17 “(A) who is a full-time teacher, including
 18 a full-time substitute teacher, in any of grades
 19 kindergarten through 12th grade for the aca-
 20 demic year ending in such taxable year,

21 “(B)(i) who teaches primarily math,
 22 science, engineering, or technology courses in 1
 23 or more of grades 9 through 12 during such
 24 academic year, or

1 “(ii) who teaches math, science, engineer-
2 ing, or technology courses in 1 or more of
3 grades kindergarten through 8 during such aca-
4 demic year,

5 “(C) who, in the case that such individual
6 is a middle or secondary school teacher, re-
7 ceived a baccalaureate or similar degree with a
8 major in mathematics, science, engineering, or
9 technology from an institution of higher edu-
10 cation, and

11 “(D) who is highly qualified (as defined in
12 section 9101(23) of the Elementary and Sec-
13 ondary Education Act of 1965).

14 “(2) SPECIAL RULE FOR ADMINISTRATIVE PER-
15 SONNEL.—School administrative functions shall be
16 treated as teaching courses referred to in paragraph
17 (1)(B) if such functions primarily relate to such
18 courses or are for a school which focuses primarily
19 on such courses.

20 “(d) QUALIFIED UNDERGRADUATE TUITION.—For
21 purposes of this section, the term ‘qualified undergraduate
22 tuition’ means qualified higher education expenses (as de-
23 fined in section 529(e)(3)) for enrollment or attendance
24 at an institution of higher education, reduced as provided

1 in section 25A(g)(2) and by any credit allowed by section
2 25A with respect to such expenses.

3 “(e) INSTITUTION OF HIGHER EDUCATION.—The
4 term ‘institution of higher education’ means an institution
5 of higher education as defined in section 102 of the Higher
6 Education Act of 1965 (20 U.S.C. 1002).

7 “(f) REGULATIONS.—The Secretary shall prescribe
8 such regulations as may be appropriate to carry out the
9 purposes of this section.”.

10 (b) CONFORMING AMENDMENTS.—

11 (1) Paragraph (2) of section 1324(b) of title
12 31, United States Code, is amended by inserting “or
13 36” after “section 35”.

14 (2) The table of sections for subpart C of part
15 IV of subchapter A of chapter 1 of the Internal Rev-
16 enue Code of 1986 is amended by striking the last
17 item and inserting the following new items:

“Sec. 36. Tuition for undergraduate education of certain teachers.

“Sec. 37. Overpayments of tax.”.

18 (c) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to taxable years beginning after
20 the date of the enactment of this Act; except that only
21 periods of being an eligible teacher (as defined in section
22 36(c) of the Internal Revenue Code of 1986, as added by
23 this section) after such date shall be taken into account
24 under section 36(b)(3) of such Code, as so added.

1 **SEC. 4. CREDITS FOR CERTAIN CONTRIBUTIONS BENE-**
 2 **FITING SCIENCE, TECHNOLOGY, ENGINEER-**
 3 **ING, AND MATHEMATICS EDUCATION AT THE**
 4 **ELEMENTARY AND SECONDARY SCHOOL**
 5 **LEVEL.**

6 (a) IN GENERAL.—Subpart D of part IV of sub-
 7 chapter A of chapter 1 of the Internal Revenue Code of
 8 1986 (relating to business related credits) is amended by
 9 adding at the end the following new section:

10 **“SEC. 45J. CONTRIBUTIONS BENEFITING SCIENCE, TECH-**
 11 **NOLOGY, ENGINEERING, AND MATHEMATICS**
 12 **EDUCATION AT THE ELEMENTARY AND SEC-**
 13 **ONDARY SCHOOL LEVEL.**

14 “(a) IN GENERAL.—For purposes of section 38, the
 15 elementary and secondary science, technology, engineer-
 16 ing, and mathematics (STEM) contributions credit deter-
 17 mined under this section for the taxable year is an amount
 18 equal to 100 percent of the qualified STEM contributions
 19 of the taxpayer for such taxable year.

20 “(b) QUALIFIED STEM CONTRIBUTIONS.—For pur-
 21 poses of this section, the term ‘qualified STEM contribu-
 22 tions’ means—

23 “(1) STEM school contributions,

24 “(2) STEM teacher externship expenses, and

25 “(3) STEM teacher training expenses.

1 “(c) STEM SCHOOL CONTRIBUTIONS.—For pur-
2 poses of this section—

3 “(1) IN GENERAL.—The term ‘STEM school
4 contributions’ means—

5 “(A) STEM property contributions, and

6 “(B) STEM service contributions.

7 “(2) STEM PROPERTY CONTRIBUTIONS.—The
8 term ‘STEM property contributions’ means the
9 amount which would (but for subsection (f)) be al-
10 lowed as a deduction under section 170 for a chari-
11 table contribution of STEM inventory property if—

12 “(A) the donee is an elementary or sec-
13 ondary school described in section
14 170(b)(1)(A)(ii),

15 “(B) substantially all of the use of the
16 property by the donee is within the United
17 States or within the defense dependents’ edu-
18 cation system for educational purposes in any
19 of the grades K–12 that are related to the pur-
20 pose or function of the donee,

21 “(C) the original use of the property be-
22 gins with the donee,

23 “(D) the property will fit productively into
24 the donee’s education plan,

1 “(E) the property is not transferred by the
2 donee in exchange for money, other property, or
3 services, except for shipping, installation and
4 transfer costs, and

5 “(F) the donee’s use and disposition of the
6 property will be in accordance with the provi-
7 sions of subparagraphs (B) and (E).

8 The determination of the amount of deduction under
9 section 170 for purposes of this paragraph shall be
10 made as if the limitation under section 170(e)(3)(B)
11 applied to all STEM inventory property.

12 “(3) STEM SERVICE CONTRIBUTIONS.—The
13 term ‘STEM service contributions’ means the
14 amount paid or incurred during the taxable year for
15 STEM services provided in the United States or in
16 the defense dependents’ education system for the ex-
17 clusive benefit of students at an elementary or sec-
18 ondary school described in section 170(b)(1)(A)(ii)
19 but only if—

20 “(A) the taxpayer is engaged in the trade
21 or business of providing such services on a com-
22 mercial basis, and

23 “(B) no charge is imposed for providing
24 such services.

1 “(4) STEM INVENTORY PROPERTY.—The term
2 ‘STEM inventory property’ means, with respect to
3 any contribution to a school, any property—

4 “(A) which is described in paragraph (1)
5 or (2) of section 1221(a) with respect to the
6 donor, and

7 “(B) which is determined by the school to
8 be needed by the school in providing education
9 in grades K–12 in the areas of science, tech-
10 nology, engineering, or mathematics.

11 “(5) STEM SERVICES.—The term ‘STEM serv-
12 ices’ means, with respect to any contribution to a
13 school, any service determined by the school to be
14 needed by the school in providing education in
15 grades K–12 in the areas of science, technology, en-
16 gineering, or mathematics, including teaching
17 courses of instruction at such school in any such
18 area.

19 “(6) DEFENSE DEPENDENTS’ EDUCATION SYS-
20 TEM.—For purposes of this subsection, the term ‘de-
21 fense dependents’ education system’ means the pro-
22 gram established and operated under the Defense
23 Dependents’ Education Act of 1978 (20 U.S.C. 921
24 et seq.).

1 “(d) STEM TEACHER EXTERNSHIP EXPENSES.—

2 For purposes of this section—

3 “(1) IN GENERAL.—The term ‘STEM teacher
4 externship expenses’ means any amount paid or in-
5 curred to carry out a STEM externship program of
6 the taxpayer but only to the extent that such
7 amount is attributable to the participation in such
8 program of any eligible STEM teacher, including
9 amounts paid to such a teacher as a stipend while
10 participating in such program.

11 “(2) STEM EXTERNSHIP PROGRAM.—The term
12 ‘STEM externship program’ means any program—

13 “(A) established by a taxpayer engaged in
14 a trade or business within an area of science,
15 technology, engineering, or mathematics, and

16 “(B) under which eligible STEM teachers
17 receive training to enhance their teaching skills
18 in the areas of science, technology, engineering,
19 or mathematics or otherwise improve their
20 knowledge in such areas.

21 “(3) ELIGIBLE STEM TEACHER.—The term ‘eli-
22 gible STEM teacher’ means any individual—

23 “(A) who is a teacher in grades K–12 at
24 an educational organization described in section
25 170(b)(1)(A)(ii) which is located in the United

1 States or which is located on a United States
2 military base outside the United States, and

3 “(B) whose teaching responsibilities at
4 such school include, or are likely to include, any
5 course in the areas of science, technology, engi-
6 neering, or mathematics.

7 “(e) STEM TEACHER TRAINING EXPENSES.—The
8 term ‘STEM teacher training expenses’ means any
9 amount paid or incurred by a taxpayer engaged in a trade
10 or business within an area of science, technology, engi-
11 neering, or mathematics which is attributable to the par-
12 ticipation of any eligible STEM teacher in a regular train-
13 ing program provided to employees of the taxpayer which
14 is determined by such teacher’s school as enhancing such
15 teacher’s teaching skills in the areas of science, tech-
16 nology, engineering, or mathematics.

17 “(f) DENIAL OF DOUBLE BENEFIT.—No deduction
18 shall be allowed under this chapter for any amount allowed
19 as a credit under this section.”.

20 (b) CONFORMING AMENDMENTS.—

21 (1) Section 38(b) of such Code is amended by
22 striking “plus” at the end of paragraph (18), by
23 striking the period at the end of paragraph (19),
24 and inserting “, plus”, and by adding at the end the
25 following new paragraph:

“Sec. 45J. Contributions benefitting science, technology, engineering, and mathematics education at the elementary and secondary school level.”.

11 **SEC. 5. ASSURANCE OF CONTINUED LOCAL CONTROL.**

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